UNITED NATIONS

General Assembly

FORTY-SEVENTH SESSION

Official Records

FIFTH COMMITTEE
24th meeting
held on
Wednesday, 11 November 1992
at 10 a.m.
New York

SUMMARY RECORD OF THE 24th MEETING

Chairman: Mr. DINU (Romania)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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92-57669 6267S (E)

Distr. GENERAL
A/C.5/47/SR.24
19 November 1992

ORIGINAL: ENGLISH

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The meeting was called to order at 10.10 a.m.

AGENDA ITEM 111: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued) (A/47/11)

1. Mr. ZAINUDDIN (Malaysia) said that the principle of capacity to pay should remain the fundamental criterion in determining the scale of assessments, and he therefore welcomed the basing of the current scale on that foundation. He also welcomed the recognition of the need to simplify the current excessively complex methodology. His delegation appreciated the proposal by the Committee on Contributions of alternative methodologies, particularly the model scale using a statistical base period of 10 years, to be arrived at by distributing average national income weighted by per capita national income, and to be followed by the application of the existing floor and ceiling rates, as called for in General Assembly resolution 46/221.

2. While no formula could fully satisfy all Member States, the formula used to calculate the rates of assessment contained in annex V, column 5, to the report of the Committee on Contributions better reflected capacity to pay. That approach was based on objective and transparent criteria, and had produced fair and technically sound results. It deserved serious consideration.

3. His delegation welcomed the preparation by the Committee on Contributions of the illustrative machine scales, taking into account the use of uniform exchange rates, debt-adjusted income, a low per capita income allowance formula and a method for phasing out the scheme of limits. Nevertheless, the results did not necessarily present a realistic picture, and should be evaluated cautiously.

4. The scale of assessments should be determined on the basis of reliable, verifiable and comparable data. In that connection he hoped that the United Nations Statistical Commission and the Statistical Division would extend the fullest cooperation to the Committee on Contributions.

5. On the question of the statistical base period, a 10-year base period best ensured equity for most Member States . While a shorter base period better reflected capacity to pay at the time of payment, a longer statistical base period was more realistic given the cyclical nature of economies, particularly those of developing countries.

6. His delegation supported the recommendations of the Committee on Contributions regarding the scale of assessments for the period 1992-1994 as contained in paragraphs 39 to 65 of its report. While he sympathized with the concerns raised by some States, the recommendations were fair, particularly after taking into consideration the constraints faced by the Committee in terms of the lack of detailed information on national income, population and exchange rates. He trusted that those insufficiencies would be addressed in the next scale.

7. Mr. CARDOSO (Brazil) said that the Committee on Contributions had been called upon to amend the scale of assessments for the years 1992, 1993 and 1994 proposed in General Assembly resolution 46/221 so as to reflect developments involving the successor States to the former Soviet Union and the former Socialist Federal Republic of Yugoslavia. A number of the Member States concerned had already commented on the methodological shortcomings and anomalous rates ultimately proposed by the Committee.

8. Brazil's rate of assessment had been increased from 1.45 per cent to 1.59 per cent, making it the 10th largest contributor to the regular budget, even though it ranked only 57th among Member States in terms of per capita income and its gross national product had recently experienced its largest decline ever. At the same time, several developed countries, which were among the leading economies of the world, had had their rates reduced. Once again the apportionment of expenses was not equitable.

9. The current methodology gave much more weight to comparative national income than to per capita income, even though the latter revealed the differing levels of social and economic development more clearly. Equally, the ability of Member States to secure foreign hard currency was not properly reflected. The whole process led to anomalous, unfair assessments and represented additional burdens for those already facing serious limitations on their ability to pay.

10. The Committee would note that as early as 1945 the preparatory Commission of the United Nations had recognized that comparative estimates of national income should not be the only factor in calculating the scale, if anomalous assessments were to be avoided. Other factors cited in those early years included the very ones that should be reflected now. Yet successive scales of assessments had not taken due account of the timely caveats voiced by the founding fathers. In order to compensate for the many shortcomings of a methodology based disproportionately on the size of the economy of each Member State, the General Assembly had constructed an intricate patchwork of additional steps in an endeavour to provide relief in unfair situations. That approach had, however, generated other distortions of its own.

11. Today, every element in the methodology had strong supporters and fierce opponents, and the whole exercise had become an endless tug of war. Yet it was not a zero-sum game, since all lost whenever confidence in the multilateral system declined, and no transient advantage could balance that loss.

12. Further to General Assembly resolution 46/221, the Committee on Contributions had produced a model scale presented in annex V to its report. In producing that model scale some members of the Committee had felt that giving comparative national income and per capita income the same weight better reflected capacity to pay, and that such an approach, which relied on objective and transparent criteria, would lead to fair and technically sound

(Mr. Cardoso, Brazil)

results. Moreover, those delegations had remarked that the model scale did not use elements from the current methodology that had produced distorting effects.

13. Other members of the Committee on Contributions had taken the view that the model scale depended too heavily on per capita income and that, in effect, it used national income twice over. Further, those delegations had concluded that the results of the new approach were no more acceptable than those emanating from the current methodology. That point was valid. The model scale was not perfect, though it was transparent and technically sound. Scales must also be politically balanced and fair.

14. Had the Committee on Contributions recommended a 10-year transition from the current to the model scale, in the first year of such a transition 1.57 points would have had to be reassigned. Delegations would note that, had the scheme of limits been abolished, 3.82 points would have had to be redistributed.

15. Sooner or later Member States would have to take a new approach to the whole question of the apportionment of the expenses of the Organization. The scale as it stood would not hold forever, and the patchwork might not withstand other quick fixes. Delegations need only think of the problems that would arise at the forty-eighth session, when the Fifth Committee would be called upon to provide the Committee on Contributions with guidance regarding the scheme of limits and other elements of the current methodology. Against that background, delegations should bear in mind the alternative approach represented by the model scale.

16. Mr. PELICARIC (Croatia) said that Croatia's assessment, established at 0.13 per cent for 1993 and 1994, was excessive. The war had reduced Croatia to desperate circumstances, with many thousands of killed and wounded, while war damage was already estimated at some $21 billion. Communications had been extensively damaged, as had housing, industrial facilities and power plants. In addition, Croatia was housing some 750,000 refugees who were in urgent need of assistance. The situation in the region represented the most difficult humanitarian problem in Europe since the end of the Second World War, and much of the burden was being borne by Croatia.

17. Given that situation, his Government, while it would strive to meet its assessment for 1993, could not accept that the same assessment should be used in 1994. The Committee on Contributions should reassess the rate for Croatia.

18. Mr. PENEV (Bulgaria) said that capacity to pay should be maintained as the fundamental criterion in determining the scale of assessments, since it was the only feasible means of ensuring a fair distribution of the burden. He welcomed the work of the Committee on Contributions on a model scale based on national income adjusted for per capita national income. Such a change in the methodology might well reflect capacity to pay more fully, although further evaluation was necessary for both conceptual and political reasons.

(Mr. Penev, Bulgaria)

19. While national income should be retained as the basic element in determining capacity to pay, consideration should be given to other means of assessing national income, on the basis of economic indicators. That would make it possible to eliminate discrepancies between officially published data and the real situation. The incorporation of debt-adjusted income would also be of interest in the case of countries, such as Bulgaria, with large foreign debts.

20. The length of the statistical base period directly affected the assessment of each country's capacity to pay. While the 10-year base period currently used guaranteed continuity in terms of data, it created considerable disparities given the real state of some countries' economies. Consideration should be given to a shorter base period of three or five years.

21. He appreciated the consideration by the Committee on Contributions of ways of phasing out the scheme of limits. While the scheme had been useful in mitigating sharp variations between consecutive scales, it represented a departure from the principle of real capacity to pay.

22. The Committee on Contributions had been faced with an unprecedented situation in terms of the new Member States. While his delegation noted the Committee's rationale for its recommendations, they had given rise to a number of concerns on the part of new Member States. The Fifth Committee must address those concerns and reach a solution that would be acceptable to all.

23. Mr. MARUYAMA (Japan) noted that 13 new Member States had been admitted to the United Nations since the adoption of the current scale of assessments for the years 1992-1994, in addition to which new rates of assessment had to be calculated for the three Baltic States. The first task of the Fifth Committee was to deal with those issues. In so doing, no change should be made to the current rates of assessment other than those of the successor States to the Soviet Union and the Socialist Federal Republic of Yugoslavia, and the rates decided upon should be maintained over the three-year period.

24. The General Assembly's decision that the assessments of the Baltic States should be deducted retroactively from the assessment rate of the former Soviet Union clearly established the principle that the sum of the assessments of new Member States acquiring independence from an existing Member State plus the adjusted assessment rate of the latter should not be less than the original assessment rate of that Member State. His delegation welcomed the application of that principle to the successor States to the Soviet Union and Yugoslavia.

25. While Japan was cognizant of the economic plight of the new Member States, there were many other Member States in which conditions were no better. Equally, regarding the view of the successor States to the former Soviet Union that the exchange rates used for the conversion of national income did not reflect economic reality, he noted that the scale was based on

(Mr. Maruyama, Japan)

the uniform exchange rates prevailing in the base years. It would be inappropriate to take the arbitrary step of adjusting the scale by applying subsequent rates of exchange.

26. He noted the disagreement in the Committee on Contributions with respect to the illustrative scales, particularly regarding the possible allocation of additional points to developing countries. It seemed that the General Assembly was not in a position to approve any of the illustrative scales proposed.

27. It was unfair to make excessive use of the per capita national income concept, which, owing to the difficulty of obtaining verifiable and comparable national accounts statistics, would penalize countries with small populations or economies. One alternative methodology, which had produced the machine scale contained in column 4 of annex V to the Committee's report, sought to use average national income weighted for per capita national income. No agreement had been reached in the Committee on that scale, which placed excessive emphasis on capacity to pay and gave rise to anomalies. The approach, in effect, emphasized the distortion between rates of assessment and relative national incomes. Since it was likely to destabilize the scale and undermine confidence, his delegation was opposed to that alternative methodology.

28. Under the Charter and the rules of procedure of the General Assembly, capacity to pay was not of paramount importance. Rule 160 provided that the apportionment of the Organization's expenses should be broadly according to capacity to pay, but that concept was not defined. In practice various modifications had been made to the principle, namely the ceiling and the floor, the scale of limits and the per capita income gradient, in an effort to balance the responsibilities of Member States with the financial burden they must bear.

29. His delegation noted with concern that such political considerations were wrongly regarded as distorting the concept of capacity to pay. In fact such modifications should be accepted, as they made it possible to represent ability to contribute more accurately. For that reason, Japan had pointed out the importance of avoiding excessive fluctuations between scales of redressing the incongruity between the financial obligations of Member States and their participation in the decision-making processes of the United Nations. The General Assembly had taken account of such views in adopting the scheme of limits, which remained an important means of ensuring equity and maintaining the current political equilibrium.

30. There was a growing tendency to focus unduly on the technical aspects of specific criteria. As a counterpoint, his delegation proposed that the principle of capacity to pay should be reviewed by an ad hoc, independent, high-level body on the basis of a broader, non-technical viewpoint, in order to restore some sense and balance to the Fifth Committee's consideration of methodologies for calculating the scale of assessments. Such a body should

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examine the historical evolution of the concept of capacity to pay, as it had come to be modified by various other concepts, and should seek to find a means of achieving a balance between financial obligations and participation in the work of the Organization.

31. The body should be composed of eminent experts participating in their personal capacity. On the basis of their findings, the Secretary-General could submit a report to the General Assembly at a resumed forty-seventh session, at which time changes in the methodology that would apply to the next scale could be discussed.

AGENDA ITEM 105: PROGRAMME PLANNING (continued) (A/47/3, A/47/6, A/47/16 (Parts I and II) and Add.1, A/47/32 and Add.1)

Proposed revisions to the medium-term plan for the period 1992-1997

Major programme I. Maintenance of peace and security, disarmament and decolonization

32. Mr. CLAVIJO (Colombia) said that, despite a number of procedural problems, he hoped that the Fifth Committee would go ahead with its discussion of the proposed revisions, since the Special Political Committee was scheduled to consider them shortly. With respect to programme 4, Special political questions, trusteeship and decolonization, his delegation was optimistic that an agreement could be reached on the proposed addition of subprogramme 4, Enhancing the effectiveness of the principle of periodic and genuine elections, in spite of the inability of the Committee for Programme and Coordination (CPC) to reach a consensus on that issue. In the view of his delegation, it would be more in keeping with the spirit of the legislative mandate for that subprogramme, General Assembly resolution 45/137, to place it under programme 35, Promotion and protection of human rights.

33. Mr. STITT (United Kingdom) said that, before proceeding with the review of the proposed revisions to the medium-term plan, he would like to know what replies the Chairman had received from the Chairmen of the Main Committees of the General Assembly to his letter requesting the views of those Committees on the revisions and, in particular, if he had received a reply from the Chairman of the Third Committee.

34. Mr. COHEN (United States of America) associated himself with the statement of the representative of the United Kingdom.

35. The CHAIRMAN said that he had received replies from the Chairmen of the Second and Third Committees. In accordance with the usual practice they had not yet been circulated, pending receipt of the replies of the other Chairmen. However, according to the letter received from the Chairman of the Third Committee, his Committee fully subscribed to the recommendations of CPC contained in document A/47/16 (Parts I and II) regarding programmes 4, 11, 12 and 25 to 36 of the medium-term plan.

36. Mr. STITT (United Kingdom) said that, although the information provided by the Chairman was helpful, it would still be difficult to proceed with a programme by programme review in the absence of the expected replies from the various Committees. Perhaps the Chairman could take informal steps to encourage their submission. With regard to the substantive point raised by the representative of Colombia, his delegation thought that, as neither CPC nor the Third Committee had advocated moving that subprogramme, the proposed revisions should be transmitted to the plenary meeting without amendment.

37. Mr. MORET (Cuba) agreed that, in discussing the revisions in question, it was important to know the opinions expressed by the other Committees. Nevertheless, he thought it appropriate to reiterate his delegation's position on subprogramme 4 of programme 4. The new subprogramme on elections was out of place in programme 4, Special political questions, trusteeship and decolonization. It would be better to include it in programme 35, Promotion and protection of human rights, not as a separate subprogramme but as a part of subprogramme 3, Advisory services and technical cooperation.

38. With respect to paragraph 4.37 (A/47/6, programme 4) of the proposed new subprogramme, the legislative mandate for that subprogramme derived not only from General Assembly resolution 46/137, as stated, but also from resolution 46/130, Respect for the principles of national sovereignty and non-interference in the internal affairs of States in their electoral processes. In that connection, there was no legislative mandate for the establishment of the Electoral Assistance Unit mentioned in paragraph 4.39; resolution 46/137 merely endorsed the designation of a senior official to act as a focal point in handling requests for electoral assistance. Furthermore, there was certainly no mandate at all for assigning a unit of that nature the task of providing "development assistance", as indicated in the same paragraph. Cuba could not accept the linkage of assistance, development and elections.

39. His delegation would reserve further comment on the proposed revisions until the recommendations of the other Committees had been received. In its view, the Fifth Committee should take a decision on those revisions and the recommendations of CPC before submitting the matter to the plenary meeting.

40. Mr. IRUMBA (Uganda) said that, while he would like to have the benefit of the input of the other Committees, the Fifth Committee needed to respect its own timetable and should perhaps proceed with its consideration of the revisions without them.

41. Mr. COHEN (United States of America) concurred with the representative of Uganda. With regard to the substantive points raised by the representatives of Colombia and Cuba, his delegation firmly believed that subprogramme 4 should be inserted under programme 4, since electoral verification was a clearly established peace-keeping method. Furthermore, General Assembly resolution 46/137 was the only applicable resolution. The United States supported the adoption of subprogramme 4 unchanged.

42. Mr. MAQTARI (Yemen) said he would like to know the financial implications of the Electoral Assistance Unit, especially in view of the ongoing financial crisis of the Organization. Perhaps the Secretariat could also inform the Committee of the make-up of that Unit.

43. Mr. DUVAL (Programme Planning and Budget Division) said that, in paragraph 11 of its resolution 46/137, the General Assembly had requested the Secretary-General to allocate, whenever appropriate, and within existing resources, a small number of staff and other resources to support the designated senior official in carrying out his functions. On the basis of that provision, a small group - the Electoral Assistance Unit - had been organized within the Department of Political Affairs through the redeployment of posts. Because no new posts or additional resources had been required, there were no financial implications.

44. Mr. IRUMBA (Uganda) asked how many posts had been redeployed to the Unit and from what programmes they had been taken. While resolution 46/137 was one of the mandates for subprogramme 4, his country, like Cuba, considered resolution 46/130 to be relevant. His delegation agreed with the representative of Cuba that it would be more appropriate to include the Unit under human rights issues, and if transferring it to programme 35 would help to achieve a consensus, it was willing to support that proposal.

45. On another matter, with respect to the resources allocated for preventive diplomacy, he wanted to know how they had been divided among programme 4 and the other programmes of the medium-term plan, especially with regard to Africa.

46. Mr. TANG Guangting (CHINA) said that the fact that the Third Committee had concurred with the recommendations of CPC regarding the proposed revisions to the medium-term plan did not mean that it supported the addition of subprogramme 4 to programme 4, since CPC had been unable to reach agreement on that subject. As the Special Political Committee would also be considering that revision, it would be best to postpone further discussion until it had done so. In any case, China shared the views expressed by the representatives of Cuba and Uganda.

47. Mr. MAQTARI (Yemen) wondered why, in paragraph 4.40 (e) of the proposed new subprogramme, mention was made of developing a roster of international experts, when the Electoral Assistance Unit had already been established to implement that subprogramme. Also, he would like further information on the trust fund for electoral verification that was to be established under paragraph 4.40 (h).

48. Mr. DUVAL (Programme Planning and Budget Division) said that he would report to the Committee at a later date on the number of staff devoted to preventive diplomacy in Africa. With respect to the posts redeployed to the Electoral Assistance Unit, there were four posts in the Professional category and four posts in the General Service category. It was headed by a Director. The roster of experts was necessary since electoral assistance was a

(Mr. Duval)

relatively new field for the United Nations and outside expertise might be needed. As for the status of the trust fund for electoral verification, it had been established, but no pledges had yet been received.

49. Mr. IRUMBA (Uganda) recalled that he would also like to know from what programmes the posts in question had been redeployed. However he would be happy to wait until later for a detailed response.

The meeting rose at 11.45 a.m.